

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:
Prepared on: 9/14/2006
Department: Alcohol, Drug & Mental
Name: Health
Department No.: 043
Agenda Date: 09/26/2006
Placement: Administrative
Estimate Time: NA
Continued Item: No
If Yes, date from:

TO: Board of Supervisors

FROM: James L. Broderick, Ph.D
Director, Alcohol, Drug & Mental Health Services

STAFF CONTACT: Marianne Garrity, ADMHS Assistant Director, Administration
805-681-4092

SUBJECT: ADMHS Budget Reforecasting Plan for FY 2006-2007

Recommendation(s):

It is recommended that the Board of Supervisors approve the following:

- a. Budget Revision Request BJE 2006298 decreasing MediCal and Early Periodic Screening, Diagnosis and Treatment (EPSDT) revenues and expenditures by \$5.2 million.
- b. Adopt one resolution, effective September 25, 2006 deleting:
 - One (1.0) Executive Secretary (Class 3421), Range 5296 (\$3404-\$4156);
 - One (1.0) Office Assistant Senior (Class 1702), Range 4576 (\$2377-\$2902);
 - Five (1.0) ADMHS Practitioner Interns (Class 5190), Range 5286 (\$3387-\$4135).
- c. Transfer from the Mental Health budget Division to the Alcohol and Drug Program budget Division:
 - One (1.0) ADMHS Practitioner Interns (Class 5190), Range 5286 (\$3387-\$4135);
 - One (1.0) Clinical Psychologist Postdoctoral Intern (Class 1757), Range 5566 (\$3895-\$4755);
 - One (1.0) ADMHS Case Worker (Class 5155), Range 5046 (\$3005-\$3669).

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with Goal No. 1, An Efficient Government Able to Respond Effectively to the Needs of the Community, Goal No. 2, A Safe and Healthy Community in

Which to Live, Work and Visit and Goal No. 3, A Strong, Professionally Managed County Organization.

Executive Summary and Discussion:

Summary

The Board was alerted to the ongoing challenge of maximizing certain Federal and State revenues during ADMHS' June budget presentation. In FY 05/06, ADMHS incurred substantial shortfalls in MediCal and Early Periodic Screening, Diagnosis and Treatment (EPSDT) revenue. While ADMHS had projected \$26 million in MediCal revenue and \$9 million in EPSDT revenue, actual FY0506 MediCal revenue was \$22 million and actual EPSDT revenue was \$6 million. MediCal and EPSDT revenue was significantly lower than budgeted due to: 1) lower than anticipated services provided to MediCal eligible clients and 2) an increase (to nearly 30%) in the percentage of MediCal ineligible clients.

In light of the FY 05/06 MediCal and EPSDT shortfalls, ADMHS has reevaluated its FY 06/07 MediCal and EPSDT projections and is requesting to decrease its MediCal revenue budget by \$4.6 million (from \$29.5 million to \$24.9 million) and its EPSDT revenue budget by \$600,000 (from \$9 million to \$8.4 million).

Background

Approximately 60% of ADMHS funding comes from MediCal, a fee for service, federal entitlement program for eligible clients and Early Periodic Screening, Diagnosis and Treatment (EPSDT) revenue, the State funding used to "match" the federal portion of Medi-Cal for children, while the remaining 40% is comprised of Realignment (30%), a State allocation of sales tax revenue to mental health departments, other funding sources (7.6%) and county General Fund contribution (2.4%).

Since FY 01/02, ADMHS MediCal and EPSDT revenue has nearly doubled from \$18 million to \$33 million (new adjusted budget) in FY0607. In FY 05/06, however, several factors resulted in significant MediCal and EPSDT revenue shortfalls. Only 70% of the services that the Department provided in FY 05/06 were to MediCal eligible clients. In FY 04/05, 76% of the Department's services were provided to MediCal eligible clients. This trend is expected to continue; the new CARES South Program, which provides emergency crisis services to clients throughout the Santa Barbara area, is expected to serve a population with only 35% MediCal eligibility.

Further exacerbating the MediCal issue is the difficulty that individual adults (ages 22-64) have in procuring MediCal benefits. The Department of Social Services (DSS) *must* review the MediCal applications of those under 21 years of age, over 65 years of age or older, the blind, pregnant or caretakers of a child. The adult mentally ill are not on the review list and therefore, in order to procure MediCal benefits, need to apply for Social Security Income (SSI) which can take 6-9 months. Additionally, federal efforts to contain MediCal costs (i.e., birth certificate and other documentation requirements) may add to the difficulty of securing MediCal benefits.

Departmental Actions

In light of the department's FY 05/06 MediCal and EPSDT revenue shortfalls and the factors (discussed above) impacting MediCal and EPSDT revenue generation in FY 06/07, ADMHS is requesting to decrease its MediCal revenue budget by \$4.6 million (from \$29.5 million to \$24.9 million) and its EPSDT revenue budget by \$600,000 (from \$9 million to \$8.4 million).

To offset the decrease in revenue, the Department is subsequently reducing expenditures by \$5.2 million. In addition to budget reductions relating to out-of-county hospitalizations, professional & contractual services pharmaceutical and administrative costs, ADMHS is recommending a reduction of 10 civil service positions, 7 to be deleted and 3 to be reassigned from the Mental Health Division to the Alcohol and Drug Program (ADP) Division. The 3 positions reassigned to ADP will be utilized in the ADP's CARES program and will provide the necessary resources for the growing number of Alcohol and Drug clients in crisis. (The additional ADP positions would have been recommended regardless of the ADMHS Reforecasting Plan). The Department will unfund 13 other positions until its revenue projections can support funding the positions. Since the 13 positions have been vacant since prior to the beginning of FY0607, current service levels will not be impacted. No layoffs of current ADMHS employees are necessary or planned at this time. Requests to hire new staff will require analysis of the fiscal impact including the potential revenue to be generated by the position requested.

In order to achieve the cost savings relating to out-of-county hospitalizations, pharmaceutical costs, professional & contractual services and administrative costs, the department is instituting new processes to more closely monitor and manage these costs. The reductions discussed above represent an adjustment to budgeted increases in service levels that are being postponed and do not at this time reflect any reductions in existing contracts with community based organizations or the current level of services to clients.

The Department has met with the Department of Social Services to look at creative ways to assist individuals with serious mental illness in the MediCal/SSI application process. Both Departments are making every effort to assure that people with mental illness get access to needed benefits. The staff of ADMHS and DSS will be improving current processes relating to the MediCal application process, which often can be onerous to people who have emotional problems.

The Department continues to strengthen its Management Information Systems in order to provide data to better manage our resources. ADMHS is providing intensive training to improve staff documentation and billing practices. The Department continues to upgrade its Online Progress Note System which integrates charting and billing. Santa Barbara County is the only County which has such a system in place.

ADMHS will continue to work aggressively to maximize revenues in the context of the increasing demands for non-MediCal services and to control costs. The department is instituting an extensive list of revenue-maximizing, cost controlling strategies to ensure that it meets its reforecasted FY 06/07 budget projections.

Impact and Service Levels:

Santa Barbara County is facing a phenomena which is occurring throughout California: core Mental Health programs are being reduced while innovative MHSA programs are being developed. However, MHSA dollars cannot be used to fund current core Mental Health programs. MHSA funding can only be used for new programs approved by the State Department of Mental Health.

Even with this reforecasting, the Department will continue to increase the number of clients it serves, particularly because of CARES South. Certainly caseloads in the clinics countywide will increase. Managers will more actively triage clients. The new CARES South Program will divert all but long term clients to the clinics. Community-Based Organizations (CBO) have been asked to provide more support to CARES South and the clinics, which will result in greater integration between the County and the CBOs in service delivery.

The Department has actively engaged the community in an effort to better understand our budget issues and to find solutions which minimize the impact on services to our clients. Ongoing meetings are occurring between administration and staff at all ADMHS clinics in order to provide support to ADMHS workers.

The Department is working closely with SEIU 620 on the impact of the Reforecasting Plan on existing staff. Monthly meetings with the CBO Executive Directors are occurring in order to include our providers in the process of change, related both to budget issues and to our ongoing system reform. The Mental Health Commission has approved the ADMHS Budget Reforecasting Plan but expressed concern about deleting positions that provide treatment.

Fiscal and Facilities Impacts:

No General Fund support is required to implement these recommendations.

FY 06/07 budgeted revenue reductions totaling \$5.2 million will be funded by \$5.2 million of expenditure reductions as outlined above and in the attached Budget Revision Request.

The Department will continue to work closely with the County Executive Office to monitor the impacts of this Reforecasting Plan and to assess the need for further budget and staffing adjustments.

Attachments:

Attachment 1: Personnel Resolution

Attachment 2: Budget Revision Request

**RESOLUTION OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA**

IN THE MATTER OF AMENDING RESOLUTION)
NO. 06-206, AS AMENDED, BEING THE SALARY)
RESOLUTION OF THE COUNTY OF SANTA BARBARA)

RESOLUTION NO. _____

WHEREAS, Salary Resolution No. 06-206 established a Classification Plan, and authorized Departmental Position Allocation effective July 3, 2006; and,

WHEREAS, this Board of Supervisors finds that there is good cause for amending said Resolution No. 06-206, as amended, in the manner provided in this Resolution;

NOW, THEREFORE, IT IS HEREBY RESOLVED, as follows:

1. Resolution No. 06-206, adopted by this Board on July 11, 2006, is hereby amended by amending that (those) portion(s) of Section(s) 4 to read as follows effective September 25, 2006:

SECTION 4. Departmental Position Allocation

<u>DEPARTMENT/BUDGET UNIT</u>	<u>CLASS</u>	<u>P/T</u>	<u>TOTAL NO. POS.</u>	<u>TITLE</u>	<u>BARG UNIT</u>
<u>Alcohol, Drug, & Mental Hlth Svcs (#5250)</u>					
Delete #4897, #10500, #10501 #10502, #10503	005190		72	ADMHS PRACTITIONER INTERN	OR 24
	005191			ADMHS PRACTITIONER I	OR 24
	005192			ADMHS PRACTITIONER II	24
Delete #998	001702		21	OFFICE ASSISTANT, SENIOR	23
Delete #10239	003421		0	EXECUTIVE SECRETARY-R	32

2. Except as amended by this Resolution, Resolution No. 06-206 as amended, continues unchanged as in full force and effect.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Barbara, State of California, this _____ day of _____, 2006, by the following vote:

AYES:

NOES:

ABSENT:

Chair, Board of Supervisors

ATTEST:
MICHAEL F. BROWN
CLERK OF THE BOARD

APPROVED AS TO FORM:
STEPHEN SHANE STARK
COUNTY COUNSEL
NOVEMBER 1993
9/26/06

By: _____ (SEAL)
Deputy Clerk